# WHILE EUROPE WAITS FOR PEACE


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# WHILE EUROPE WAITS FOR PEACE

*Describing the Progress of Economic and Political Demoralization in Europe During the Year of American Hesitation*

BY

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American Rhineland Commissioner
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TO

MR. BERNARD M. BARUCH

whose wonderful work as Head of the War Industry Board was a prime factor in America's contribution towards winning the war, and whose courage, optimism and unselfish fidelity to the interests of the United States and the Allies, both during the war and afterwards at the Peace Conference, was a source of inspiration to all his associates.

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## CHAPTER I

### FOREWORD

The American people have always been so oblivious to happenings in other countries that their intense concentration during the Great War on the daily news from Europe was very abnormal. The indifference which followed the signing of the armistice was a natural reaction. Then came the long struggle over the Peace Treaty, which was made more unpopular by an accumulation of domestic problems pressing for settlement, and which ultimately changed public indfference to such a positive distaste for foreign news that editors and publishers were forced to recognize it. The result has been that for

more than a year the wires have been cut, as it were, and a dangerous ignorance of European developments has resulted. Few Americans seem to realize how near Europe is to collapse—physical, moral, industrial, financial.

This book is an attempt to supply the missing information. While I have allowed myself to draw certain general conclusions, my aim has been to give facts and portray conditions as they actually exist in Europe.

From the early days of the armistice until June of this year I was the American representative on that Commission of four which, by the terms of the "Agreement" with Germany, became the "Supreme Representative of the Allies" in the "occupied territories." My post proved to be the storm center of Europe and my official connection with the most important actors and events during this period gave me opportunity to check up from original sources the facts and figures which I shall present.

It is probable that the average American citizen has at no time concealed from

himself the dangers which would follow a vicious war settlement. His complacency has been founded on ignorance of facts. He has felt that European countries were gradually working out their own problems, and this feeling has been encouraged by the fact that nearly two years have passed since the war and no catastrophe has occurred. Interested foreigners, and American "observers" who observed from our shore of the Atlantic or from European car windows, have done their share to lull the people of the United States into a feeling of security.

This optimism seems to me so dangerous that I feel bound to do what little one man can to open the eyes of the American people to the tragedy impending in Europe, and to the danger to ourselves as well, if we do not take a responsible part in the "settlement" before it is too late.

## CHAPTER II

### EUROPE AFTER THE WAR

Up to the very day war was declared experts insisted, and the people believed, that a general war was for economic reasons impossible, or at least that it must be very brief. Volumes were written to prove that the cost of modern war-making would reduce the richest country to bankruptcy within a few weeks. Yet, for more than four years the greatest nations of the world maintained a struggle on the most gigantic scale and with an unremitting intensity of action beyond any war in history. A majority of the male population of Europe, and later of America, either fought in the ranks or produced supplies for the armies, and the destruction of property reached a total hitherto undreamed of. Month after month we saw the armies grow larger and munitions increase, both in quantity and

destructive efficiency. All economic traditions were shattered. War came to seem the normal occupation of mankind. As years went by our minds became accustomed to the idea of endless fighting. Financial miracles were commonplaces and people ceased to speculate on the economic conditions which would follow the war.

When a series of events has proved our earlier opinions false or exaggerated, it is easy to forget that we ever held such opinions, and although the unexpected results may have followed an error as to one factor only, all that was true in our original conception is apt to be abandoned along with the false. This is especially the case when the disproof is positive and dramatic.

From a pre-war belief that world insolvency must follow even a short general conflict, the average mind swung to the other extreme and came to hold the settlement of the world's war losses as a rather academic problem to be adjusted between victor and vanquished. Especially in America, where there was no devastation and the losses were smallest, people were

prepared to minimize the problem of European restoration. As a nation we were war-weary. Our own minor problems of adjustment seemed large. The call for help came faint and confused, and, being far removed from the turmoil in Europe, we allowed ourselves to believe what we wished to believe—that European reorganization was coming along fairly well and that we could safely and conscientiously leave the people of the war-wrecked countries to work out their own salvation.

Unfortunately, our pre-war theory that even a short war meant economic ruin was more nearly correct than our later complacency. The only error in this theory arose from overlooking the reserve resources, both material and spiritual, which exist in all nations and which can be temporarily brought to bear when the issue seems life or death.

Like a man in the delirium of fever who performs impossible physical feats, apparently defying all natural laws, nations locked in a death struggle are able to muster forces unsuspected and at other times

unavailable. Like the fever patient also, their collapse when the struggle ends is proportionately severe. Europe since the armistice has experienced just such a collapse—economically, politically and socially.

The American people should face the disagreeable fact that little real progress has been made toward European restoration, and that ruin still stalks in plain sight of most of our former allies; and the additional fact that little progress can be made without our active help.

Before entering upon details I ought to add that the repair of material destruction in Europe is greatly hindered by national hatreds and antagonisms, and by the poisoning influence of fear in national councils.

Two days before the French Army invaded Frankfort, Darmstadt and other territory across the Rhine last April, I was officially informed that the French Government had decided on this military move. A high French official to whom I expressed regret and who was, I think, in-

clined to regret the decision himself, told me that the Government was "being pushed from behind"—that the people in France were forcing the Administration to adopt an aggressive military policy toward Germany.

During June I was discussing the situation with the German Foreign Minister in Berlin. He talked to me very frankly and, in the course of our conversation, made one significant statement. "France," said he, "refuses to permit us to make any start toward economic recovery. I admit that France will be taking some chances in letting us become economically strong, but she will have to take those chances, or give up any idea of indemnity."

These two statements furnish a clew to the psychological factor which is mainly responsible for the "creeping paralysis" now afflicting the continental nations.

## CHAPTER III

### THE CRUX OF THE SITUATION—FRANCE AND GERMANY

It is very necessary after such a destructive war that suspended production be started as promptly as possible. The only remedy for an economic sickness such as exists to-day in Europe—the only hope of the millions and the only chance for peace lies in *production and more production.* But war not only destroys the products of industry—it disarranges the entire industrial machinery. Hence, each nation must reconstruct its productive system as quickly as possible under pain of social and political degeneration if it fails.

A survey of European conditions and especially of the progress made toward industrial revival by the European nations will be greatly simplified if we concentrate our examination on France and Germany. These two nations have been

the hub of the continental system. They are the seat of the present disease. Within their boundaries live more than 100,000,000 of the best producers in Europe. These two are so situated with reference to other countries that their economic condition is the determining factor in the welfare of most of the continental nations. Together with England (omitting Russia for the present), they represent three-fourths of the productive capacity upon which the 470,000,000 inhabitants of Europe depend for prosperity and happiness.

Great Britain, while she is unquestionably the most favored spot on the European economic map, and the only important country making progress, can be neglected in this survey. One has only to consider her debts, her loss of foreign trade, her labor situation, her Irish crisis and the steady drop in the value of the pound sterling to recognize that while her indomitable courage and willingness to face her troubles frankly and to tax herself savagely are likely to keep her afloat until

she can make the shore, she positively cannot take any one else into the boat without sinking it.

Russia I have omitted because we have little real information as to her condition, and for the time being that country is cut off from the rest of the world. Italy is struggling with an almost hopeless internal situation. A country without coal and formerly very dependent upon foreign capital, she will sink or swim with the failure or success of her larger industrial neighbors. The little nations, new and old, while in the aggregate they represent with Italy perhaps a quarter of the European production, are so tied economically to the fortunes of France and the old central German bloc, that whatever conditions we find in France and Germany will very largely govern their fate.

Europe, then, must stand or fall with the success or failure of reconstruction and economic revival in France and Germany, and the steady deterioration of Europe's economic condition from the date of the armistice down to the present time has

arisen from progressive deterioration in these two countries. They are both sorely wounded; they are poverty-stricken beyond anything known in modern times. They have need of each other; they need coöperation. All their energy and intelligence should have been directed during these eighteen months to nursing such industrial and economic resources as they had left. Even had they cleared away the rubbish of war as rapidly as possible and adopted a policy of coöperation, the task ahead of them would still have been a terribly difficult one. But hatred, distrust and fear have dictated an opposite course.

## CHAPTER IV

### CONDITIONS IN FRANCE

In order to get a clear view of the economic problems before the French people, it will be well to show, first, the situation which confronted them on the day the armistice was signed, lest stories of the truly heroic efforts toward restoration already made in the devastated regions divert attention from the overwhelming magnitude of France's original problem. The wonderful courage as well as pride of the French people would conceal from the world how inadequate all of these efforts have been for the solution of that problem. France would rather be represented to the world as hopeful and determined than as an object for pity, and yet, with all their courage and hopefulness, the responsible men of France are sick at heart when they contemplate the gigantic task ahead

of the nation and the broken tools with which they must work.

The war cost France in cash nearly $40,000,000,000. Her interior debt has increased since 1913 $28,000,000,000 and her foreign debt, of which there was none in 1913, is now nearly $6,000,000,000.

The destruction of property in France during the war has been variously estimated at from $15,000,000,000 to $30,000,000,000. The capitalization of pensions for orphans and wounded is $10,000,000,000. Although the total of these liabilities would be considerably reduced if figured in par exchange, such an estimate would be misleading. To obtain an American equivalent for the internal debt, the value of the franc to-day in French labor and materials must be used and, of course, the full amount of the foreign debt, $6,000,000,000, must be added. If, for the sake of discussion, we cut in half the interior debt and the cost of reconstruction, and the pensions, we still have a staggering total of somewhere between 35 and 40 billion dollars lost by France through the war. It should be re-

membered that France is a country of only 40,000,000 people and that a few years ago Sir George Paish estimated the total value of all property in France, public and private, as $50,000,000,000.

These huge liabilities created by the war are not the whole story. The French people bore the brunt of the fighting and their country was the battleground. As a result their most serious loss is the destruction of equipment and the demoralization of those economic forces on which they must rely to make good the huge deficit. One and one-half million of the men of France between eighteen and forty—her best producers—have been killed, and in spite of this she feels she must keep up a standing army of 700,000 men until some world settlement is made which will relieve her of the old danger of invasion.

The devastated region, while only 7 per cent. of the area of France, furnished before the war one-fifth of her exports. From it came 92 per cent. of the iron ore; more than half of the coal (in fact, a large proportion of the industrial coal); 60 per

cent. of the steel; 77 per cent. of the zinc; 22 per cent. of the lead; 20 per cent. of the machinery and machine tools; 80 per cent. of the linen; 70 per cent. of the cotton textiles, besides very large contributions to the clothing of the country.

Of course not all of the machinery for this production was destroyed, but the coal mines and the basic iron and steel mills were wiped out to such an extent that in March of this year the mines had recovered only about 13 per cent., and the steel and metal mills only 23 per cent.

It should also be noted that the region where destruction was the worst contained steel construction plants and most of the factories making tools and hardware, so greatly needed by all other industries. This is also the district which, more than any other, manufactured what have been called the "essential" items of merchandise, while the regions not touched by war were devoted more to wines, silks and other luxuries. The importance of this fact will be appreciated at this time when the reconstruction of France and Europe places es-

pecial emphasis on the production of essentials. Stress might be laid on the crippling of the railways—on the devastation of food-producing land and the loss of an enormous number of cattle. I wish, however, to bring into this survery only those larger factors which, in my opinion, have rendered France unable to save herself economically without help from the outside.

When this situation was considered by the representatives of all the allies assembled in Paris, it was unanimously agreed that France's salvation depended upon a huge German indemnity; German coal as a basic industrial necessity, and German money for financial solvency.

Before leaving the survey of French conditions, it should be recognized that the miseries of war and the hopeless character of the peace up to date have created a very dangerous internal situation.

It is immensely to the credit of the French people that during this very trying year, radicalism has not gone further in adding to chaos. But there is a limit to

this immunity. Proportionately, the radical element in France has been increased; for it was found necessary during the war to send a very large number of the factory workers back from the front in order to keep up the manufacture of necessary supplies. Women could perform much of the farm work, but the factories depended upon the presence of skilled workmen. The result was that out of the 1,500,000 killed, France lost a much larger proportion of her conservative peasant population than of her industrialists. This shifting of balance may have a very decided effect on future events. The increase of conservative deputies returned to Parliament at last year's general election was hailed as evidence that the masses in France were becoming less radical. An examination, however, of election statistics shows that more socialists and ultra-radical votes were cast than in any previous election.

It is interesting to note a confirmation of the desperate economic outlook I have depicted, which can be read "between the

lines" as it were, in a statement made recently to the National City Bank by the head of a great French bank. This statement is mainly devoted to showing what remarkable progress France has made under the circumstances. I quote the significant paragraph:

"On the day of the armistice, the whole American army in France did not possess a single field-gun which had not been constructed in and supplied by France. Imagine the United States in the same situation; having lost the coal-fields in the Alleghanies, the iron ore of the lakes, some of the largest and richest cities such as Chicago, Cleveland, and Pittsburg; having had three million five hundred thousand men killed, and while struggling for their life on their own soil, helping others to get ready and devoting all their productive capacity to war-material, while others had something over for domestic requirements and investments such as shipbuilding, etc., how would American economic conditions look, under these circumstances, after five years?"

He might have added to this picture an American standing army of 2,000,000 men, which in proportion to our population rep-

resents the burden entailed upon France by the 700,000 soldiers she maintains at the present time.

## CHAPTER V

### CONDITIONS IN GERMANY

The total German war expenses, including loans to insolvent allies, were considerably larger than those of France. Germany's national debt is now around 190,000,000,000 marks, to which must be added an unsecured note circulation of about half that amount, and liabilities for indemnity to her own subjects of over 100,000,000,000 marks. On their face these debts are equivalent in American money to more than $100,000,000,000. The total is reduced, however, to about $30,000,000,000 if as in the French estimate we use the present value of the "mark" in German labor. On the other side, it should be noted that any attempt to redeem the circulating notes and so restore German currency would bring these notes very close to par and thus largely increase the debt figure

stated above. To the debt must be added the minimum indemnity imposed on Germany by the Treaty of Versailles, which is there stated as approximately $24,000,000,000.

While in one way it is now an advantage to Germany that she was obliged during the war to do all her borrowing at home, this is offset by the fact that having had to rely almost entirely on her own material resources she found herself in 1919 absolutely bare of merchandise and of the raw materials with which to manufacture more. An American buyer of long experience in Germany passed through Coblenz during the fall of 1919 with a $25,000,000 credit to be used in buying German merchandise for export. He returned six weeks later and told me that he had advised his syndicate to withdraw the credit; he found no stocks of any kind in Germany. He said there were small quantities of merchandise in retail stores, but absolutely no wholesale stocks.

The labor situation is another serious factor in the problem of German economic

revival. German industrial supremacy was founded on a productive capacity per man which no longer exists. In most trades the output per man is now a little over one-half what it was before the war, due partly to shorter hours which came with the revolution of November, 1918, partly to six years of under-feeding, and partly to a radicalism which makes the masses disinclined to work effectively.

When I talked with the Minister of Economics last June as to the relative importance of the various factors operating to prevent industrial revival, he rated the shortage of coal as one of the worst. In fact, he placed it second only to the unlimited indemnity.

During the year 1919 production of industrial coal in Germany was about 60 per cent. of the 1914 total. As President of the Interallied Committee on Coal for the occupied territory, I made a careful investigation as to the cause of this reduction in output. The ineffectiveness of labor, referred to above, was blamed for about two-thirds of the difference. I found that

whereas one ton of coal per man was mined in Germany before and during the war, the average in 1919 was .58 ton. The balance of the shrinkage was accounted for by deterioration of equipment and by loss of the Saar and Lorraine coal fields to France.

Looking to the future, the Germans are worrying over the threatened loss of the Upper Silesian coal field which produced annually about 45,000,000 tons before the war. If the plebiscite gives this district to Poland, Germany will be obliged to reduce shipments of coal to France or allow her own industries to collapse.

During 1919 the average amount of coal received by German industries was little better than 30 per cent. of their normal consumption. The steel mills, because they were near the mines and the output of coal at pit-mouths was greater than the available cars to transport it, received as high as 60 per cent. of their requirements. This summer, however, delivery of coal to steel mills has fallen to about 40 per cent. of their requirements.

The contest between France and Ger-

many over coal deliveries has been misunderstood in this country. The Versailles Treaty called upon Germany to deliver to the allies 3¼ million tons per month. This was so manifestly impossible that on August 28, 1919, a new protocol was signed reducing the demand to about 2¼ million tons per month with a sliding scale based on increased production. When, during the futile discussion in Paris last March between the Reparation Commission and the German Coal Delegation, I was called in as the American expert, I urged that France for her own sake recognize the facts and make a business-like bargain with the German Coal Kommissar, one which could be and, I believed, would be kept. I informed our representative on the Reparation Commission that Germany could at that time deliver 1¼ million tons, but no more. M. Poincaire was unwilling to discuss with Germany any reduction, and as a result deliveries continued at about 600,000 tons per month, until at the Spa Conference in June, 2,000,000 tons was agreed upon. This quantity, considering

the increase of German production at that time, corresponds very closely with my 1,250,000 tons in March.

Lack of transportation is another obstacle to economic revival. Of ocean shipping Germany has practically none left. Her river and canal equipment have been much reduced by the operation of the Treaty. While the railroads, especially the Prussian lines, are doing much better than one would expect from the statistical situation, the 5,000 locomotives sent to France and Beligum, the bad condition of those left in Germany, the lack of good repair material, and the inefficiency of shop workers have created a shortage of locomotive power felt with especial severity in coal distribution. Out of 22,000 locomotives left in Germany, 10,000 are continually in the repair shops.

Food is still one of the worst deficiencies. Herbert Hoover (the best informed man in America on European food conditions) told me that normally Germany can produce only four-sevenths of her own food—the balance must be imported in exchange

for German exports. Such imports of food are only possible now at ruinous prices on account of the rate of exchange. The Government has already spent hundreds of millions of marks in subsidizing food to bring prices within the limits of the workingman's purse. The mass of the people in Germany can only afford to buy this subsidized food, and the subsidized "ration" during the first seven months of 1920 contained only 1,090 calories as against 1,500 calories during the war, and 3,000 calories before the war. Both production and the morale of the people in Germany are suffering from this continued under-feeding.

The Versailles Treaty calls on Germany to pay a minimum indemnity of 100,000,000,000 gold marks—approximately 24,000,000,000 gold dollars which, paid in francs at present exchange rate, would equal 400,000,000,000 francs. In 1871 Germany imposed upon France an indemnity of 5,000,000,000 francs. At the time this was expected to ruin France, and history has applauded the heroic energy with

which she accomplished the seemingly impossible by paying the whole amount within two years. After making every allowance, it is not reasonable to expect that France can collect from Germany 80 times the indemnity imposed in 1871. The attempt does not seem a good business proposition unless the advantage sought is German bankruptcy instead of cash. Certainly, in the light of the economic prostration described above, the policy of Great Britain and Italy, which calls for a revision of the Treaty, seems the wisest course, both in the interest of France and the peace of the world.

The most depressing influence of all on German economic life is the uncertainty created by allied refusal to fix a limit for the indemnity. This has been one of the chief points of difference between Great Britain and France, and the facts should be clearly understood.

The Treaty of Versailles recognizes that Germany ought to pay for all the devastation, as well as the cost to the allies, of the war. Nothing which has come to light

since the armistice has raised a doubt as to the justice of this proposition—theoretically. Practically, the Peace Commissioners agreed that such complete reimbursement was impossible. Being ignorant of German economic conditions, they left the total amount of the indemnity to be settled when more information regarding Germany's finances should be obtained. The Treaty names 100,000,000,000 gold marks as an immediate payment to be recognized by the issuance of German gold bonds. Beyond that, the Reparation Commission is to decide as to how much additional indemnity the Germans can pay year by year without ruining their industries. For two years this uncertainty has hung over the economic life of Germany like the sword of Damocles.

If you say to a person, "Work as hard as you can and at the end of the year we will decide how much of your product we will take from you," there is no incentive for that person to work. Equally, if you say to capital, domestic or foreign—"We are waiting to see how much real money

will come into sight in Germany before settling on a maximum indemnity," capital will certainly refuse to show itself. That provision of the Versailles Treaty which permits the allies to add to the minimum indemnity of $24,000,000,000 whatever they decide at a later date Germany is capable of paying has so far deprived her people of incentive to enterprise, and her industries of much needed new capital. More than a year ago the representative of a group of American capitalists who were prepared under certain conditions to grant large financial credits to German industries, told me that they considered it unwise to invest a cent in Germany until the limits of the indemnity had been fixed.

It has been and is to-day of the utmost importance to Germany and to Europe, and it is an essential prerequisite to the payment of any indemnity, that the broken circle of production—raw material, power, (coal), labor, transportation and sale—be repaired as quickly as possible. So far, there has been no progress made in this direction.

Certain it is that unemployment in Germany is now increasing faster than at any time since the war. Official reports in June, 1920, showed that the Government was giving unemployment pay to less than 1,000,000 men. To-day the same reports show that nearly 1,500,000 are officially out of work and receiving Government aid.

To sum up, Germany finds herself deprived of her iron mines, and a part of her coal, with a debt of at least $30,000,000,000, a fixed liability for indemnity of another $24,000,000,000, and unable after nearly two years to raise the production of her industries to a point where she can pay for the foreign food absolutely necessary for the feeding of her people. She is short of coal, short of food, short of transportation, crippled by social unrest and a weak government, and her future is shadowed by such uncertainty regarding the financial and political intentions of the allies that the population, from the government officials down to the workers in the mines, have become possessed with a sort of fatalistic

hopelessness which has killed both initiative and energy.

It is my firm opinion that Germany, once the industrial backbone of continental Europe, is steadily sinking into a social and economic feebleness very dangerous to the peace of the world. I agree with Mr. Paul Cravath that it will be hard to make Bolshevists of the German people—that this is not a real danger unless *the allies leave them helpless and hopeless too long.*

## CHAPTER VI

### THE DEADLOCK

The above description of the economic wreckage left by the war in France and Germany has not been overdrawn. I believe that the authorities in either country, if they felt free to speak frankly, would confirm my estimate. To complete the picture, it is necessary to describe the deadlock which has existed between these two countries up to the present time, and which by defeating their attempts to revive industry and restore finance, threatens disaster to both.

French statesmen are possessed by two great fears. The first is a very natural dread of a revengeful, military Germany again grown strong. When America withdrew from the League, this fear which had been fading away in the hopeful prospect of a new international force capable of making justice an effective arbiter between

nations, swept over the country with renewed violence. The French populace passionately threw its support to that political group which has no confidence in any international agency save military power. These Chauvinists (not a large, though an influential group) have believed throughout that France should seize the present opportunity so to destroy or mutilate Germany as to render her old enemy permanently inferior to herself, both economically and in a military way. Now, this military party in France finds itself backed by an almost unanimous people.

Since America deserted, French policy has been poisoned by dreams: 1st, of separatist movements to be fomented among the German states; 2d, of establishing her eastern frontier on the Rhine; 3d, of a militaristic Poland on Germany's eastern frontier; and 4th, of new invasions of Germany. Many German activities have appeared to threaten these ambitions and have been promptly crushed.

For instance, when the Sparticists created a reign of terror in the Ruhr last

March, France refused the German Government permission to send enough troops to crush the rebellion, and when, in spite of this refusel, 18,000 more reichswehr than are permitted by the Treaty of Versailles entered the Ruhr and cleaned things up, France invaded Frankfort and Darmstadt as reprisal. Since the most radical Sovietism was establishing itself throughout that territory, the allies would have been forced to occupy the Ruhr themselves had the German Government withheld its troops, and such an "occupation" would have involved France and the allies in a major military adventure. For the Ruhr is a tough district, a mining and steel mill district containing 515,000 miners and a larger number of mill workers (Russians, Poles and Italians being mixed with the Germans). The Ruhr is also more infected with Bolshevism than any other part of Germany with the possible exception of Saxony.

News dispatches sent to America during the "Ruhr Trouble" were very conflicting. Later, I obtained permission to go through

the government files in Berlin and found there hundreds of original letters and telegrams confirming the reports made by representatives of the American Commanding General who were in the Ruhr during the rebellion.

Fear dictated French insistence on reduction of the German army to 100,000 men. It is not simply that so small an army will place Germany at the mercy of dangerous eastern neighbors, but 100,000 soldiers cannot keep order at home under present unsettled conditions. She, unlike America and Great Britain, has always depended upon the military for police work. Local police forces are small. In Cologne, for instance, there are in proportion to the population less than one-quarter as many policemen as in New York City. The local police in Germany merely manage traffic and arrest drunks. Serious disorder is handled by the military.

France also fears the economic recuperative power of Germany. French statesmen are apprehensive as to the temper of their own people who were long fed on glit-

tering promises that the expected flow of German money into France would permit a low tax rate to be maintained and would bring prosperity. Believing that if given a chance industrial revival would proceed in Germany faster than in France, these statesmen fear that the French masses would vent their disappointment and wrath upon the Government. Hence, the French refusal to fix a maximum figure for the indemnity; hence, the former French insistence on more coal than Germany could possibly send; hence, also, the French opposition to outside loans to Germany. In fact, the determined hostility in France to any revision of the Treaty for the sake of adapting it to known conditions and thus, while obtaining all practicable "reparations," make economic revival in Germany possible, has been based on a profound uneasiness as to the consequences of such revival.

# CHAPTER VII

## MILITARY OCCUPATION OF THE RHINELAND

The allied "occupation" of the western provinces of Germany, originally planned to last 15 years but extended for an indefinite period by M. Millerand's note to the Germans last March, is so unmistakably a prime factor in the European outlook, and it so directly threatens the future peace of the world, that knowledge of its character and history is essential to a true understanding of the European situation. The history of Article 428 of the Peace Treaty, and of the "Rhineland Agreement" (created in conformity with Article 432) which defines the terms of "occupation" are typical of the entire struggle at the Peace Conference between what is now referred to as the "Peace Delusion" of Wilson and Lloyd George and the "Continental Policy" which M. Millerand has during the last six

months triumphantly reëstablished. Similarly the character and history of the "occupation," itself, suggest the foundation of sand upon which the present peace of Europe is built.

All that portion of Germany lying west of the Rhine, together with about 2,000 square miles on the eastern bank, is now "occupied" by allied troops under conditions laid down in the "Agreement." Temporary occupation was absolutely necessary. This "occupation," however, having already lasted longer than the German "occupation" of France in 1871–72, must according to the Treaty of Peace continue, with possible reduction of territory, for 15 years, and M. Millerand notified the Germans last April that the date from which the 15 years should be reckoned was postponed until all obligations of the Treaty are met by Germany. Since some of these conditions cannot be complied with at the present time, this automatically extends the "occupation" indefinitely.

In order to realize what this means for the peace of the world, Americans should

conceive of a territory about the size of New England, with a larger population than is contained in those six states, and an industrial importance for Germany even greater than New England has for the United States, occupied by 120,000 enemy troops and its people and government subjected to minute inspection and interference by representatives of its traditional enemies.

All of the cities in the Rhineland are crowded with allied officers living in the finest private houses, commandeered from their owners. These owners are usually permitted to live in a few rooms in the rear or in the attics of their former homes. Municipal regulations, including street traffic and the prices of merchandise, and many of the smaller restrictions which were in force in America during the war, are prescribed by the representatives of the occupying powers. Every German law and regulation must be submitted to those representatives. If disapproved by them they become invalid throughout occupied Germany. Newspapers are cen-

sored, private mail may at any time be seized, and the local movements of persons may be subjected to passport regulations. The right of requisition of supplies for the allied army and officials may at any time break down the very difficult "rationing" plans of the German Food Kommissar. The appointment of even local officials must be approved, and their liability to summary removal on grounds satisfactory to the Allied Commission alone is a standing threat to landrats, burgomeisters and presidents. Many other harassing interferences with the daily life of the population are the necessary accompaniments of a hostile "occupation." These it must be remembered are conditions in the "occupied territory" of Germany under a régime which was given a civilian character and made as liberal as possible by the moderate elements at the Peace Conference against violent opposition from the Military group.

M. Tardieu, in recent magazine articles, gives an account of the struggle over this question of extended "occupation." He

shows that Mr. Lloyd George and President Wilson were for months unalterably opposed to it. He states that a special defensive alliance was offered by the two Premiers as inducement to France to abandon the plan. He reveals step by step how M. Clemenceau's persistence broke down opposition and how in May, 1919, by conceding civilian control, he finally made a 15-year "occupation" part of the Treaty with Germany.

An original draft for the "Rhineland Agreement" was prepared by the Supreme Military Council under the influence of Maréchal Foch, and it was an extremely brutal document. It decreed that "martial law with all its consequences" should remain in force in the Rhineland for 15 years; it placed control of the German police and the conduct of the "occupation" in the hands of the French Military Commander.

I was at that time serving on the temporary Rhineland Commission, and together with Sir Harold Stuart, the British Commissioner, entered a strong protest

against this plan of the Supreme Military Council. Several revisions were attempted, in the preparation of which I assisted, but, becoming convinced that a mere revision could not make such a plan workable, I wrote a letter on May 27th to President Wilson embodying my objections and outlining a plan for civilian control.

This letter seems to have reached the President at a psychological moment, for he took it to the Supreme Council and obtained unanimous consent to the appointment of a committee instructed to draft a plan along the lines I had suggested. This committee, after a week of continuous session, presented to the Peace Conference the "Rhineland Agreement" which was finally signed by Germany and the allies at the same time as the Treaty of Versailles. The French "White Book," containing the discussions of this special committee, states in Paragraph I:

"That a Commission composed of:

"A representative of the United States of America who will be designated by Presi-

dent Wilson; Lord Robert Cecil, for Great Britain; Monsieur Loucheur, for France; Marquis Imperiali, for Italy

will be appointed to draft a plan of agreement concerning the Occupation of the Rhineland Provinces, in accordance with the scheme suggested (skeleton plan) in a letter dated May 27, 1919, from Mr. Noyes, American Delegate to the Interallied Rhineland Commission, to President Wilson."

It also contains a copy of the letter, which I will quote since it states my position at that time; a position which I have since seen no reason to alter.

"American Commission
to Negotiate Peace

"Paris, May 27, 1919.

"To the Honorable Woodrow Wilson,
President of the United States of America,
11, Place des Etats-Unis, Paris.

"Dear Sir:

"After a month spent in the Rhineland as American Commissioner, I feel there is danger that a disastrous mistake will be made. The

'Convention' for the government of these territories, as drafted by the military representatives of the Supreme War Council on May eleventh, is more brutal, I beleve, than even its authors desire upon second thought. It provides for unendurable oppression of six million people during a period of years.

"This 'Convention' is not likely to be adopted without great modification. What alarms me, however, is that none of the revisions of this document which I have seen recognize that its basic principle is bad—that the quartering of an enemy army in a country as its master in time of peace and the billeting of troops on the civil population will insure hatred and ultimate disaster.

"I have discussed this matter at length with the American Commanders of the Army of Occupation, men who have seen military occupation at close range for six months. These officers emphatically indorse the above statements. They say that an occupying army, even one with the best intentions, is guilty of outrages and that mutual irritation, in spite of every effort to the contrary, grows apace. Force and more force must inevitably be the history of such occupation long continued.

"Forgetting the apparent ambitions of the French and possibly overlooking political limita-

tions, I have sketched below a plan which seems to me the maximum for military domination in the Rhineland after the signing of peace. Our Army Commanders and others who have studied the subject on the ground agree with this program:

"Skeleton Plan

"I. As few troops as possible concentrated in barracks or reserve areas with no 'billeting,' excepting possibly for officers.

"II. Complete self-government for the territory, with the exceptions below.

"III. A Civil Commission with powers:

"*a.* To make regulations or change old ones whenever German law or actions—

(1) Threaten the carrying out of Treaty terms, or

(2) Threaten the comfort or security of troops.

"*b.* To authorize the army to take the control under martial law, either in danger spots or throughout the territory whenever conditions seem to the

Commission to make this necessary.

"Very truly yours,

(Signed) "PIERREPONT B. NOYES,

"American Delegate,

"Interallied Rhineland Commission."

The negotiations which resulted in this plan being adopted are of special interest to any one studying the international psychology of the past two years. It is history now that M. Clemenceau on May 29th seized upon this more liberal plan of "occupation" presented by President Wilson in order to make more sure of the final adhesion of the American and British Premiers to the main principle of "occupation." Sitting in the meetings at the Quai d'Orsai as a spectator, I witnessed the most intense and persistent hostility to this "civilian" plan on the part of Maréchal Foch and his aids. During recent months leading French statesmen and the French press have bewailed the weakness which yielded to the Anglo-Saxon liberalism. It is loudly maintained that since the compromise was made in view of active

American participation and a defensive alliance, a way should now be found to get back to that sterner control originally planned, and by doing away with the interference of the Interallied High Commission which "has continually opposed French interests" ensure success for the new French policy.

I was the American member of the Commission from its creation until June of this year. The President of the Commission, M. Paul Tirard, is a forward-looking, conscientious man who has worked with the other members to carry out the details of the "Rhineland Agreement" in the spirit intended by the Supreme Council. He has succeeded as well as any man could surrounded by an intensely military atmosphere and under the pressure of a French national policy steadily swinging toward aggressive military and political action.

I believe that in the Rhineland a hostile military occupation is seen at its best; and at its best, I can say from personal observation, it is brutal; it is provocative; it is continuing war.

A temporary occupation was, as I have said, inevitable, and its continuance until the disarmament of Germany has proceeded to a point satisfactory to the allies is probably desirable, but its maintenance as a debt-collecting agency through 15 years is unthinkable—it will be a running sore. America is to-day participating in this "occupation" with more troops than any nation excepting France, and yet we have elected to place entirely outside of our own influence the character of the "occupation" and the length of its continuance. During the 14 months in which I worked as a member of the Rhineland Commission, I became daily more shocked that any responsible man should be willing to curse the world with such a hatred and war breeding institution as this. I could multiply the details until every American would be equally shocked, but I will leave it to the imagination of my readers to decide for themselves what would be the ultimate result of a 15-year occupation of the New England states by victorious German or other foreign troops.

## CHAPTER VIII

### GERMAN "SEPARATIST" MOVEMENTS INSTIGATED BY THE FRENCH

After the war there was a general conviction in France, as there was in all allied countries, that a political separation of the Rhine Provinces from Prussia would be in the interest of future peace. Dominated by Prussia the German Empire had plunged the world into war. Hence, it seemed probable that strengthening the power of the other German states and weakening the influence of Prussia in the German Reich would tend to eliminate the Hohenzollern dream of world conquest. Unfortunately, this scheme of political readjustment, which was looked upon with favor by many Germans, easily formed the basis in France for the more radical plan of an independent Rhineland which should act as a "buffer state." And in the upper

hierarchy of French nationalism and militarism the thinly veiled expectation that this "buffer state" would be under French influence became a definite determination to make the Rhineland ultimately French territory. A few months' experience with "occupation" in the Rhineland and the unlimited power possessed by an occupying army made this plan of annexation seem feasible. In the end it tempted even those Moderates, who were at first inclined to look askance at a policy likely to create another Alsace-Lorraine, to approve French efforts for a "frontier on the Rhine."

A brief account of the Separatist plots fomented by the French in the Rhineland during the past eighteen months will add a point of definiteness to my statement that a 15-year hostile "occupation" is certain to prove a curse to the world. It will also suggest in general the part America must play, if Europe in the 20th century is to be anything but a powder magazine of dangerous possibilities.

While I was in the Rhineland four open

attempts at secession were made. These were of two kinds. Three of them were roughly similar in principle to the demand of our Southern States during the 50's for "State rights." The fourth attempt was bald "secession."

Curiously enough the two most ambitious attempts revealed a conflict between two opposing French policies striving for success under the leadership of two rival French Generals. The declaration of "The Palatinate as an independent neutral Republic" on May 21, 1919, was a bold bid by General Gérard, Commander of the French 8th Army, for success in his extreme policy of dismembering Germany. Official France was at that time swinging over to the slower and more subtle policy of General Mangin (Commander of the French 10th Army) and it was hinted at the time that General Gérard already knew of his own impending recall and that he precipitated this flare-up as a last gamble. At any rate, he made the action sharp and snappy and he was recalled a short time after his attempt failed. His army was

then added to the command of General Mangin.

Proclamation of this new Palatinate Republic, which was to be entirely independent of Germany, was posted on the night of the 21st of May, and on the 22d General Gérard issued a Manifesto, a copy of which I have seen. The following is a quotation from this document:

"It came to the knowledge of the General in command of the French Army that the Landau population owing to their sympathetic sentiments towards France had to undergo certain annoyances on the part of German officials. Such actions from the side of these officials constitute a misuse of power of authority and are 'A breach of orders, of Maréchal Foch as well as an incorrect action towards the victorious and benevolent France.' "

The Manifesto also contained a declaration that the French Commander of the Occupation of the Palatinate would support in every way all attempts for the creation of a Palatinate Republic in connection with France.

During the next few days there were riots in Speyer, Landau and Zweibrucken. Regierung's President, Winterstein, was removed from office and expelled from the territory by the French. Other officials hostile to the Separatists were arrested. This "revolution" was too artificial and too premature for any chance of success. It could not compete with the more moderate and carefully planned scheme for a larger Rhineland Republic within the German Reich which was at the same time developing under the management of Dr. Dorten and General Mangin.

This latter movement, usually referred to as the "Dorten Rebellion," was much more ambitious territorially than any of the others. Not only the five "Rhine Provinces" were to be included in the new Republic, but it was expected to comprise most of Hesse-Nassau, the Grand Duchy of Hesse, the Bavarian Palatinate and the rich province of Westphalia across the Rhine, in which are located the great manufacturing industries of Essen and the coal mines of the Ruhr. Final plans for the revolution

were perfected at a conference in Mayence attended by General Mangin, the French Commander; Dr. Dorten, a Mr. Kuchkoff of Cologne, Frohberger, a newspaper editor, and several other Germans.

About 2 A. M. on the morning of May 22d a French Lieutenant-Colonel from General Mangin's Headquarters arrived in Coblenz. He managed to get the American Chief of Staff on the telephone and insisted on an immediate interview with the American Commanding General. He was very urgent. The conference, however, was postponed until morning when the French officer informed the Americans that on Saturday, the 24th, a Republic would be proclaimed with Coblenz as its capital. He gave the names of the men who would form the new Cabinet and stated that fifty officials of the new administration were then on their way to Coblenz to organize the government. The new state was to remain for the present a part of the German Empire, but later would be made wholly independent. He stated that he was sent by General Mangin to solicit the aid of the

American General in promoting this movement.

Our Commanding General replied that the "occupation" was governed by the terms of the armistice, that an honest carrying out of those terms would not permit the "occupying" authorities to recognize revolutionary movements, that this had been the policy of all the allies, and that in any case his own instructions from General Pershing were positive. He courteously refused to permit the Coblenz part of the program to be carried out in any way.

We found that fifty billets had been actually engaged for the Dorten officials by the French Mission in Coblenz, and it turned out that carloads of proclamations had been printed and were ready for distribution.

With its proposed "Capital" in the hands of the "Ober-Präsident" and the officials of the old régime, and with the forbidden American area lying like a wedge between Mayence and the rich provinces to the north, the "Dorten Revolution"

hung fire for a week. The conspiracy, however, had gone too far to be halted. On June 1st the Republic was finally "declared"; proclamations were posted in all Occupied territory excepting the American area. Wiesbaden was announced as the temporary capital; Dr. Dorten proclaimed himself as the Chief of the Provisional Government and appealed to the Peace Conference at Paris to recognize the new State and to protect the authors of the movement from punishment for treason.

Evidence that the "Revolution" had no popular support began to come from every direction. Even before the 1st of June the revolutionary plans had leaked out and strikes and other demonstrations of protest were organized by the population in various cities. When the Dorten Cabinet was announced the list of names was found to be quite different from that brought to Coblenz in the early morning hours of the 22d of May. Not one prominent member of the Centrum party, to which belong a large majority of the Rhinelanders, was in the new Cabinet. In many places the proc-

lamations were torn down by the inhabitants. On the 3d of June a counter-proclamation appeared in the German newspapers bitterly denouncing the "discord shown in the ranks of the Rhinelanders in this the hardest hour of the German Republic," and signed by the Rhineland representatives of six of the great national parties headed by the Centrum party.

On the 4th of June Dr. Dorten was "escorted" and the other Ministers were "ejected" from the Regierung's building in Wiesbaden, the latter being very roughly handled by the populace waiting outside. This practically ended the "first Dorten Rebellion." It never had a chance of success unless backed by allied bayonets. Soon after June 4th the doctor issued a statement in which he naïvely announced that he would "permit the old officials to remain in office for the present." The net result was to effectually kill the sentiment favorable to separation from Prussia which had undoubtedly existed amongst the Germans of the Rhineland. Since then, the separation from Prussia

has meant to the average Rhinelander a first step toward becoming a province of France. He is afraid of it.

The failure of the policy entrusted to General Mangin and the need of a different policy which should quiet the fears of the German population became so evident that General Mangin was recalled a little later, and General Degoutte, a man inspiring confidence in every American who meets him, was placed in command of the French "occupying" forces. It is significant that afterwards during the enthusiasm aroused by the "occupation" of Frankfort the Paris journals urged that General Mangin replace General Degoutte in Mayence. Some of the papers even published rumors that the Government had decided to make this change.

Dr. Dorten is still conspiring and has been repeatedly protected from official and unofficial persecution. He can bide his time, for French troops are scheduled to stay in the Rhineland at least fifteen years, and M. Millerand has declared French independence of Anglo-Saxon policies. The

demand for occupation of the Ruhr (which was temporarily negatived last April by Mr. Lloyd George's note regarding the Frankfort invasion) grows louder and louder in France. It is hinted that the bait of a Rhine-Westphalian state, strengthened economically at the expense of the rest of Germany by the coal of the Ruhr and the steel production of Essen, will bring a majority of the German population to support the next revolution.

No power but the United States can halt the present march of events, which promises to make France temporarily the military master of Europe, while the peace of the world becomes "a house of cards."

# CHAPTER IX

## IF WE ABANDON EUROPE

Prophecy is always dangerous. It is especially liable to error of detail when, as in the present European tangle, a thousand factors are working in obscure relations to each other toward the same general result. That disaster is imminent no one can doubt, but it is beyond the power of the keenest vision to predict what form the catastrophe will take. If the brakes of an automobile give way on a steep hill, it is impossible to predict in advance what kind of a smash there will be. The machine may turn over, climb a telegraph pole or run into another auto, but in spite of uncertainty as to where and when and how the catastrophe will come, there is no uncertainty as to the fact that it is inevitable.

In every European country financial insolvency, economic stagnation, unemploy-

ment, starvation, misery, and social demoralization have been reacting upon each other with deadly effect during the past year. These conditions are shaping the daily development of European politics, and those who have seen their effects near at hand have no doubt that there must be a tragic conclusion. So interlaced are the many factors, and so interacting are their causes and effects, that one can with difficulty classify them for intelligent analysis.

The most obvious factors can perhaps be grouped under two headings—economic and military. The facts I have already given showing economic conditions in Europe suggest that there is a "jumping-off place" in the financial road not far ahead. A British authority recently asserted that "the whole of Europe to-day is producing not over one-half it is consuming." This may be an exaggeration. When I repeated the statement to Dr. Leach, an American who has spent all his time during the past two years on official business in Italy, Servia, Poland and the other countries of Eastern Europe, he was very pos-

itive that it was not exaggerated. He may have been over-impressed with life in those smaller countries which for more than a year have fought much and produced little or nothing. The announced fact, however, that France, herself, during the first six months of this year imported $1,414,000,000 worth of merchandise more than she exported tends to confirm the Englishman's statement.

Until the United States comes to the rescue the nations of Europe, like the inhabitants of Mark Twain's village, must continue their present attempt to "live by taking in each other's washing." Where this financial jugglery, which is partially concealing the helplessness of Europe, will end, and when it will end, is hard to predict. That it will end in a crash is certain, although it is possible the economic catastrophe will be obscured by an earlier social or political débâcle.

More than half the free gold of the world has been shifted to the United States. We have the lion's share of raw materials and if we do not quickly restore, at least par-

tially, the world's financial balance, our possession of the materials needed by Europe plus our monopoly of the gold and credit, without which she is unable to pay us for those materials, will react with telling effect on our own economic life.

The huge favorable balance of our foreign trade during the past eight months has undoubtedly involved large private credits from America to Europe, principally to England, but these temporary loans are mere palliatives. They tend ultimately to increase the difficulties of European buyers by forcing down exchange. Organized governmental supervision of credits and exchange can alone make possible continued American exports on a scale sufficient to start industrial revival in Europe.

It is, however, the recent political developments in Europe which give us a real glimpse, as it were, of the future. Here one need not tax his imagination with prophecy. The reactionary militaristic movement which started, after America's intention to dissolve partnership with Eu-

rope seemed certain, and which has made such insidious progress during the past few months, points the moral of our delinquency and suggests its tragic consequences.

Belgium has been recently persuaded to sign a treaty with France, by the terms of which she agrees to maintain a field army of 500,000 men as compared with 100,000 men before the war.

Italy has exchanged the liberalism of Premier Nitti for the extreme nationalism of Giolotti. Nitti recently declared—

"I do not know if there is peace anywhere in the world, but there certainly is none in Europe. Around you, you see nothing but armies. While the war was still going on people said this would be the last war, but Germany's militarist spirit has been acquired by the peoples who overthrew Germany. Europe is alive with proposals of conquest, with eagerness to hoard raw materials."

Giolotti, who succeeded Nitti as Premier, concluded at Aix les Bains in September a secret agreement with France. Fiume as

well as the Dalmatian coast will pass ultimately to Italy, depriving the Jugo-Slavs of access to the sea. In return, Italy will never repeat her former protest against the French invasion of Frankfort.

Poland, dazzled by hopes of more territory, has cheerfully turned to military conquest those energies which, if she is to remain an independent nation, should be concentrated on her well-nigh hopeless internal problems. The Poles are a brave people. They have preserved their national hopes through centuries of discouragement. Unfortunately their genius seems better adapted to war than to peace. Politically they are "many men of many minds" and they have never developed that capacity for compromise which has made democracy in other countries possible. M. Paderewski struggled for more than a year to form a stable government. He finally resigned the Premiership and left Poland a broken-hearted man. Sixteen political parties are struggling for mastery in the Provisional Parliament of Poland. After a year of discussion not

even the introduction to the proposed National Constitution has been agreed upon. Considering the industrial prostration of Poland and her chaotic political condition, the encouragement given by France to Polish military adventure seems very regrettable.

And France—France is congratulating herself on the return to a "continental policy"; M. Millerand has been elected President of the Republic with unanimous acclaim. Militaristic statesmen and journalists loudly assert that he has rescued France, and with her all of Europe, from the Anglo-Saxon peace domination to which M. Clemenceau yielded so weakly. Through the Belgian Treaty of alliance, through the Italian "Agreement" of Aix les Bains, and through the establishment of a French dominated military Poland on Germany's eastern frontier, he has made France for the moment what Germany was before the war—the dominating military power of Europe.

The well-known American war correspondent, Frank Simonds, in a long newspa-

per article dated September 26, congratulates the French nation on its final disentanglement from the peace propositions of Wilson and Lloyd George. He concludes —"All in all, the French situation is better diplomatically speaking than at any time since the armistice, and this is due unmistakably to the return of Millerand to the system which Clemenceau endeavored to follow at the Paris Conference but abandoned under Anglo-Saxon pressure." This popular writer sums up the blessings conferred on France by the Millerand diplomacy as follows: "She has finally substituted a Continental for an Anglo-Saxon policy—she has regained her freedom of action by her *old-fashioned bargains* with the Belgians, the Poles and the Italians." Yet this same correspondent was eighteen months ago writing from Europe the most fervent hopes for the new Internationalism and the most fulsome praise of the peace ideals of President Wilson and Lloyd George.

I have no quarrel with this writer's

change of opinion. I have quoted him merely to emphasize by contrast the change in European opinion as well as policy which has taken place since America withdrew from the European "settlement." It is another stage passed in weaning the war-weary masses of Europe from those idealists who seemed all-powerful at the end of 1918. In America as well our people have been almost persuaded that we may well leave European affairs alone. It now only remains to convince them that it will save us much expense and trouble if France will reorganize Europe on the old system of military alliances, "strategic frontiers" and "balance of power," which has for hundreds of years given men of "blood and iron" a chance to show their worth.

It was just so that Metternich, after the Napoleonic wars, finding himself unable to directly oppose the demand for a new Internationalism, gave way at first and then with consummate skill led the unpractical idealists gradually around a circle to that

Imperialistic peace which made possible Bismarck, Hindenburg and the great world war.

Now as then, the friends of peace are silenced, and on the Continent, at least, there is little chance they will be heard from again unless America, by joining the League of Nations, reopens the discussion. All the cynics, pessimists and sincere militarists of Europe are rejoicing with the French over the successful launching of the Millerand policy.

But what a prospect! Such a military combination may bring glory—for the moment—it may bring revenge, but it cannot bring safety. Looked at even from the Chauvinist's viewpoint, this reënthronement of the god of war is sure to prove a Frankenstein. Consider the situation. A war-ruined France, with the aid of little Belgium, poverty-stricken Italy, and deluded Poland, sets up a military domination of Europe, while a Brobdingnagian Russia struggling sullenly toward rebirth nurses an ever growing desire for revenge, and a Germany more powerful po-

tentially than this new military alliance awaits her opportunity. One hundred and sixty million Slavs will soon emerge from that same melting pot which gave Napoleon his unconquerable armies and, backed, it may be, by untold millions of Asiatics, will find a Europe returned to the doctrine of "blood and iron." They may find a Germany driven by desperation into their partnership. Whether Europe is to suffer a Bolshevik inundation or face the challenge of a Napoleonic conquest, the stage is certainly being set for a conflagration from which the United States will be unable to stand aloof.

No one can predict the exact nature of the catastrophe now rushing upon Europe, but a catastrophe is inevitable and not far away, unless we bring to Europe our financial support and the irresistible moral leadership which this support insures.

# CHAPTER X

## THE LEAGUE OF NATIONS

During the last week of July, 1914, when a world war seemed inevitable, Lord Grey endeavored to improvise a League of Nations. It was then too late. Afterwards, through all the agonies of the great struggle, people fed their courage on talk of a league to prevent future wars,—a "League of Nations" which should be organized as soon as peace were come; and we, in America, talked of this louder than any of the rest.

During the first six months of the armistice we showed every sign of making good, not only on our moral obligation to Europe, but on our definite assurance given during the war to four million young Americans and to their parents, that this should be a "war to end wars." Every one then regarded the character of the

"settlement" as of equal importance with winning the war.

At the Peace Conference the executive half of our government joined in creating the plan for a new kind of peace, and Europe, never dreaming that America was capable of deserting in the hour of need, let President Wilson build into this new international structure the best of American ideals. Often in Paris, when statesmen hesitated, the people themselves forced their representatives to follow American leadership. The Covenant of the League of Nations is in the main a statement of old American ideals. By the same token, its practicability was always dependent upon the United States taking a leading part in its execution, especially during the critical period of its infancy.

The Covenant of the League of Nations is neither complete nor perfect. No one pretends that it is. It was built as a bridge,—primarily as a bridge over which a ruined world might pass from the chaos of war to peace and early reconstruction. But beyond, it was to be a bridge leading

from the worn-out mediæval system of national isolation, selfishness and intrigue which produced the war, to a better world where peace should be the joint responsibility of all civilized peoples. It was hastily built, for its creators knew that only during that time of spiritual exaltation immediately following the war, could any effective start be made toward realizing an ideal so contrary to the political habits of mankind. They knew that if this chance were missed, the centrifugal force of hostile nationalism would postpone any practical steps for a League until war was again upon us—and again it was too late.

In the story of the "Arkansas Traveler," the "cracker" sitting under his leaky roof explained that when it didn't rain, there was no use of mending it, and when it rained, he couldn't mend it. In times of peace, the need of a League seems small compared with the national sacrifices entailed. When war brews, it is too late.

So President Wilson and the most far-seeing of the European statesmen created the Covenant of the League of Nations as a

Magna Charta of the new internationalism, and during that period when selfishness and ambition were momentarily stilled by the bitter memories of war, they committed most of the nations of the world to its maintenance and development. America's withdrawal destroyed their work. The League of Nations still exists, but in name only. It is a bridge with the central arch —American participation—gone.

It was a disingenuous taunt that "the League broke down at its first test in Poland." Every one knows that there is no effective League without the United States. Certain European statesmen are bravely maintaining its shadow, hoping that we will come in at the last and make it a reality, but until we join, the League is helpless as an agency for controlling the wild horses of war.

In the past, Europe has looked upon our American peace ideals as Utopian. There is a bitter irony, therefore, in this somersault of ours. After thirty-one nations agreed without reservation to accept the League's slight restrictions upon their

right to make war "at the drop of the hat," the United States refused.

History will not ask who was responsible for this refusal. If we persist, America as a nation will for all time stand accused at the bar of civilization, and by future generations of Americans as well, of having deserted its allies and committed a crime against the peace of the world.

## CHAPTER XI

### THE RESERVATIONS

As to the Senate "reservations" I have never been able to satisfy myself regarding the exact aims or real motives which inspired them. I have read and re-read the Covenant of the League of Nations with the "reservations" before me. I could find nothing in them which would stamp as foolish or unpatriotic those 41 nations who have signed without reservations. All of those nations have constitutions essentially the same as ours, at least as regards the responsibility of their Parliaments for declaring peace and war or sending troops abroad. No one in any of these countries, not even the politician who is everywhere seeking political capital, has arisen since the Covenant was signed to accuse his Government of "signing away the country's freedom."

In general, I am inclined to accept President Wilson's statement that—

"Those who drew the Covenant of the League were careful that it should contain nothing which interfered with or impaired the constitutional arrangements of any of the great nations which are to constitute its members."

Does it not seem incredible that a Peace Commission in which the best legal minds of all nations joined would put into the most important document ever written—a document on which the peace of the world must hang for many years—those crude attacks on the national constitutions of its members which we are asked to believe lie concealed in the Covenant of the League? And suppose the provisions of this document did violate our Constitution. It would have no effect. Their inclusion might hurt the Covenant—it could not touch our Constitution. Every schoolboy knows that no President by signing and no Congress by ratifying any agreement can change our Constitution one iota. It can

be changed only by amendment in a prescribed manner.

The claim that these "reservations" save us from some kind of slavery to Europe—from being obliged to declare war or send troops abroad against our will—seems ridiculous in view of the perfectly plain stipulations in the Treaty that all such decisions must be by unanimous vote of the "council." Since the Covenant of the League also provides that we shall always have one representative in the council, no important action can be taken without the vote of the United States. In Article X the signing nations agree to respect each other's territorial integrity and independence. In case of violation, the action of the League which, as noted before, must be approved by the American representative, can go no further than "advising" with the principal governments as to what action shall be taken.

I will not go into more detail since the "reservations" have been discussed endlessly in the public press. American law-

yers invented these "reservations" and lawyers can best discuss them. My own willingness to see the United States take a chance along with the 41 other nations is founded on certain general considerations.

The United States of all nations can least be "enslaved" or bullied by a League of Nations of which it is a member. The idea seems laughable to one who has experienced the overpowering, not to say undue, influence possessed by any representative of America sitting in European councils. American power and material wealth are the hope of Europe. They are always increasing as compared with Europe. If they do not give America the power to bully other nations they certainly insure that anything touching the interests of the United States will be suggested only after making sure it will be agreeable to us. As a matter of fact, no great nation is or ever will be bullied or enslaved by fellow members of a "Peace League." The voluntary nature of a League of Nations obliges it for the sake of self-preservation to respect the feelings and interests of its members.

As I said before, the Covenant of the League of Nations is only a bridge. It is not complete—it is a skeleton which mostly expresses principles and aspirations. Filling in the details necessary to make a real League was expected to follow actual experience and later discussion. In that process of building a League the United States would be bound to have a preponderant voice. Certainly on matters touching American interests, the word of America would be unchallenged. The League of Nations could be anything we chose to make it. This applies to new details still to be worked out as well as old implications which we might wish to clear up in such a way that their relation to our laws and policies would be surely understood. I do not believe that any responsible man in America would have voted to withhold our aid from dying Europe during two mortal years had he realized as I do, and as every one who has represented American interests in Europe during this period does, that all modifications desired by the people of the United States could easily have been

put into the charter of the League in plain language at its first session.

If the Senators were unwilling to take this chance, President Wilson had even greater reason to doubt the possibility of adding to the Covenant those positive regulations which he regarded as the very core of the peace guarantees, if they were once eliminated by the terms of American ratification. It is easier to tear down than to build up in such cases. Changes such as those aimed at by the "reservations" which tend to weaken the League would meet little opposition from other members, but their willingness to circumscribe national freedom of action in the interest of peace was at its maximum when the Treaty was signed and the President had ample reason to fear that any attempt to strengthen the restrictive provisions at a later date would prove fruitless.

I cannot, however, believe that the grounds given on either side were sufficient to warrant killing the Treaty at a time when the need of immediate American participation was so evident and so extreme.

Personally I would have preferred ratification without reservations, leaving "clarification" to be effected by the United States after it became a member of the League, but I regret that the President refused to accept the modified Treaty when it became evident that the choice lay between ratification with the "Lodge reservations" or no ratification at all.

## CHAPTER XII

### THE "LABOR SECTION" OF THE TREATY

It has been suggested to me that the European diplomat is again back "on the job" and that this ancient tribe will intrigue as of old until war is the only solution; so that neither our help nor that of a League will avail to prevent war as long as the real issues are in the hands of the same type of men who have played the game for centuries. It may be admitted that ambitious, intriguing statesmen will be in control of the foreign policies of many European nations, but a new force has appeared which is likely to change very materially the course of events. Labor representing the masses in every country has become conscious of its power—it is becoming militantly conscious. The workers know full well they have been the pawns in the game of international intrigue and have always been the losers and sufferers by war.

They have had the will and they are now acquiring the power to say "No" to their rulers. I believe that during the era just ahead labor will in all countries paralyze the hands of militaristic politicians and its opinion will stand as a valid threat and warning to statesmen, such as Mr. Lloyd George, who heed the signs of the times.

My confidence in the possibility of building at this time a real League of Nations is founded upon two things—the horror of war which exists among the masses of Europe, and the emergence of labor as an effective force in national councils. But why, then, it may be asked, is it necessary for America to join the League of Nations and participate in European affairs? Why may not the solution be left entirely to labor? The answer is, that only labor responsible and united can accomplish anything. Without our stabilizing influence at this moment, labor in many countries is likely to acquire Bolshevik characteristics which will only increase the difficulties of the world settlement. The provisions of the "Labor Section" of the Treaty,

strengthened by our adhesion, will be a great step toward peace as well as industrial justice. In Chapter I of the labor section, a permanent conference is established for the improvement of labor conditions, and Articles 388–399 set up a permanent organization under the League to accomplish the objects stated. In Article 427 the following subjects of special and urgent importance are suggested for the attention of this new labor conference:

The right of association.
The payment of an adequate wage.
The eight-hour day.
The weekly day of rest.
The abolition of child labor.
Equal pay for women.
The conditions of labor.

Here we find a benevolent internationalization of the labor movement tied tightly to the League of Nations. This will tend to unify labor conditions in competing countries; it should give a constructive character to that struggle toward fairer

division of the world's prosperity and happiness, which most men recognize as inevitable and desirable; it will ensure to those who must fight and die in every war the influence over international affairs to which they are entitled. Few intelligent men will regret the creation of a conference which is sure to increase the sense of responsibility as it does the power of labor, and no one but a reactionary can oppose the League of Nations because it contains the labor section.

## CHAPTER XIII

### AMERICA'S TASK

The American people should not let the honeyed words of diplomacy conceal the fact that the masses in Europe are beginning to hate America. This is a fact. They see us safe by the accident of distance, and rich through their misfortunes. When we have carried through our policy of "America for Americans" and "Why should we trouble ourselves over Europe's troubles" to its squalid end, we shall find one bond uniting all Europe—hatred of America.

It is not too late to save the situation, though it soon will be. Already the task has been made immensely more difficult by a year of delay. Millions have died during this year—untold millions have endured misery and starvation, and thousands upon thousands have turned in desperation to the Bolshevik faith.

As to what we are called upon to do, it seems to me very clear:

1st—Ratify the Treaty and the Covenant and bring American leadership to the building of a real League of Nations.

2d—Relieve the fears of France and assist the righteous forces in every country to drive from their chancelleries all the agents of military ambition and revenge.

3d—Assume that financial leadership which will be gladly accorded us, and back with the enormous wealth acquired during the war by the United States some carefully worked out plan for the financial salvation of Europe.

4th—Forgive France all the debts she owes the United States as a result of the war.

Not forgive! I cannot regard this as an act of charity. It would represent no more than our share of the "settlement." France is entitled to and has sore need of all the indemnity provided in the Treaty of Versailles. Hence, if we must in the interest of world restoration join Great Britain in advising France to accept a smaller indemnity from Germany, we will

be hypocrites, indeed, if we permit the full burden of this self-abnegation to fall on the most sorely wounded of our allies. We cannot do less than accept cancellation of the Franco-American loans as our share of the allied war burden. I am told that this suggestion is very unpopular in America. This is quite natural, but just as the American people cheerfully spent billions for winning the war when they really sensed its meaning, so I believe they would cheerfully relieve France of this added burden if they knew what it meant toward the winning of a lasting peace.

We did not enter the war for nearly three years because we did not realize until then that the issues were our own. When it dawned on us that the allies were fighting our battles, as well as their own, many Americans regretted that we had not gone in before. Our loans to France are a small part of the money we would have spent had we entered the war a year earlier. France spent it for us, and in addition sent to their death during that year a full half million of her young men in place

of an equal number of American boys who would now be buried in foreign soil.

I have yet to meet an American in close touch with the details of the French and European financial situation who has not agreed with the above conclusion. I have talked with the most practical, unsentimental bankers and business men. I have in mind one man in particular, a very prominent American financier, who told me that when he came to Paris he would have scoffed at the suggestion that France be relieved of any part of the American loans. After six months' official work in European capitals, he was converted to not only the justice but the necessity of such action on the part of America. He added in a discouraged tone—"But how can you get the real facts to the 100,000,000 people at home?"

I cannot, however, agree with Keynes that the American loans to Great Britain should also be canceled. The conditions are very different and the compelling arguments for relieving France do not apply to Great Britain. It is after all a business

proposition. France has suffered from an "impairment of capital," as the bankers would say, to a far greater extent than Great Britain. In addition if a rational settlement is made with Germany the loss of cash indemnity by France will be out of all proportion to that of the other allies. Great Britain has already obtained advantages from the war whose value for her future is incalculable. The threat to Great Britain's carrying trade which just before the war was very menacing has been removed and the German Merchant Fleet has been very largely transferred to her. The specter of a growing German navy has vanished. The British Colonial Empire has been immensely strengthened at the expense of Germany, and the removal of German intrigue from the politics of the near East has relieved a former anxiety for the safety of India.

Finally, as concerns relations between France and Germany, it is England's policy I have advocated in this book. If we enter the League of Nations, we shall find that we must join England in urging upon

France a modification of her claims under the Versailles Treaty. If we thus ask her to give up that which is justly hers, the benefit of her sacrifices will accrue to England as well as to ourselves and the rest of the world. It will be the first step toward general industrial revival. No one denies that Great Britain played a major part in winning the war. The money cost to her was terrific. She has a staggering debt and immense economic problems, but she also has the resources with which to meet those problems.

Going back to the second point suggested above, a question will undoubtedly be raised as to the possibility of our relieving the fear of France and thus reverse the militaristic policy to which this fear has led. The answer is contained in a statement made to me by a very prominent French statesman during the excitement over the opposition of Mr. Lloyd George to the new French policy. Said he—"If America were to really come in and France felt that your country was committed to partnership in the settlement of Europe,

France would accept any advice America might offer." He meant this to be in contrast with their unwillingness at that time to accept the advice of England.

In spite of all that has been written to the contrary, American opinion was all-powerful at the Peace Conference. This was not from sentimental or personal reasons, but arose from two considerations—first, because we had no "axes to grind" or favors to seek in the settlement; second, because it was evident that for years to come the financial salvation of Europe would depend upon American aid. Great Britain has weakened her influence with the continental nations by too much success in securing those results which she wished from the war. We obtained nothing and asked for nothing.

The bankruptcy of Europe is so universal and extreme that whether we will or no, America will sooner or later be forced to act as an informal "receiver." As such "receiver" we shall be obliged for financial security to insist upon peace and the adoption of policies which will permit

the energies of all nations to be devoted to industry. There is not an important nation in Europe will dare to defy our expressed opinion.

After all, a majority of the French people long for peace. They have been converted to the Millerand policies by fear alone. They are not blind to the frailty of any military defense against Germany. Our joining the League of Nations and our evident intention to back only those nations which accept the development of that League as the basis of their foreign policy would instantly bring a feeling of safety to the French people.

It would, I believe, be proper to make it a condition for canceling the French loans that such revisions of the Versailles Treaty be agreed upon as seem to the United States necessary for the peace of the world.

Our whole-hearted acceptance of the League will have an equally decided effect on the policy of Germany. That country to-day has a half dozen different policies. The people are hopelessly divided and their opinions distracted. One

element has used every possible means to keep arms and ammunition within reach, against hoped-for opportunities. Another is for throwing overboard without reserve, at least for the time, all that relates to warfare, both plans and equipment, in the hopes that thus the allies will be induced to permit economic revival. A third class, which has grown to huge proportions in nearly all parts of the German Empire, is composed of workmen, both extreme socialists and moderates, who have a deadly hatred of the militaristic junkers of the old régime and will back all the disarmament plans of the allies with a fierce determination to put it out of the power of their former rulers to execute a coup d'état and lead them again to the slaughter. I asked the German Minister of Foreign Affairs as to a story I had heard of 5,000 aëroplanes taken to pieces and the parts scattered and concealed throughout Germany. He said that even if the German Government desired to do such a thing, it would be impossible—"An operation of that kind on even a much smaller scale must employ

workmen, many of whom would jump at the chance to defeat the purpose of the Government. It could not be done in the first place, and if it were, detailed information would come to the allies from a thousand sources."

There is a fourth class, including in its numbers many of the old aristocrats who hope and more than half expect that a wave of Bolshevism will sweep over the country. They believe that Germany could recover from such a period of anarchy quicker than other continental nations, and when they say that Bolshevism would surely pass from Germany into France, their longing for revenge is evident in tone and gesture.

The Germans are accustomed to studying facts and learning by experience. Before the war, they knew better even than some of our allies the overwhelming resources possessed by the United States; they knew that in the production of the sinews of war we outranked any three of the European nations combined; they knew

that we had half the coal of the world and produced nearly as much steel and iron as all Europe taken together; they knew how great was our monopoly of copper and other of the raw materials necessary for fighting. But they believed we would not fight. Now they know that we will fight and that we can fight, and I believe it is written large on every page of the handbook of German diplomacy—"No more wars unless America is surely on our side, or at least is sure to maintain a benevolent neutrality."

Without America the League of Nations is a puny, mechanical attempt to control the passions of international hatred and ambition. Under the leadership of America the League of Nations would everywhere strengthen the hands of those men who desire to turn the national energies permanently toward industry and coöperation rather than mutual destruction. It would encourage the forces of democracy, and would discourage that junker class which still in many countries hopes

to rebuild national slavery and its own power on a false patriotism and the hatred of other peoples.



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